

Annual Financial Report

STRIDE Academy Charter School

St. Cloud, Minnesota

For the Year Ended
June 30, 2019

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STRIDE Academy Charter School
 St. Cloud, Minnesota
 Annual Financial Report
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 For the Year Ended June 30, 2019

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INTRODUCTORY SECTION
STRIDE ACADEMY CHARTER SCHOOL
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

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STRIDE Academy Charter School
St. Cloud, Minnesota
Board of Directors and Administration
For the Year Ended June 30, 2019

BOARD OF DIRECTORS

<u>Name</u>	<u>Position</u>
Sara Fromm	President
Barika Davis	Vice President
Andy Lyman	Member
Alicia Jelliff	Member
Suzy McIntyre	Member
Aaron Lundblad	Member
Hannah Dornbusch	Member

ADMINISTRATION

<u>Name</u>	<u>Position</u>
Eric Williams	Executive Director
Diane Moeller	Principal
Kara Lundin - BerganKDV	Business Manager

**STRIDE Academy Building Company
Board of Directors**

<u>Name</u>	<u>Position</u>
Monica Schraut	President
Neil Theisen	Vice President
Dan Henry	Secretary/Treasurer

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FINANCIAL SECTION
STRIDE ACADEMY CHARTER SCHOOL
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
STRIDE Academy, Charter School No. 4142
St. Cloud, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the STRIDE Academy (the Academy), St. Cloud, Minnesota, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Academy as of June 30, 2019, and the respective changes in financial position and the budgetary comparison for the General fund and STRIDE Academy Building Company Special Revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15, the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions on page 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedure to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's financial statements. The introductory section and the combining and individual fund financial statements, schedules and table are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements, schedules and table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated NEED DATE, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
NEED DATE

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Management's Discussion and Analysis

As management of the STRIDE Academy (the Academy), St. Cloud, Minnesota, we offer readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2019.

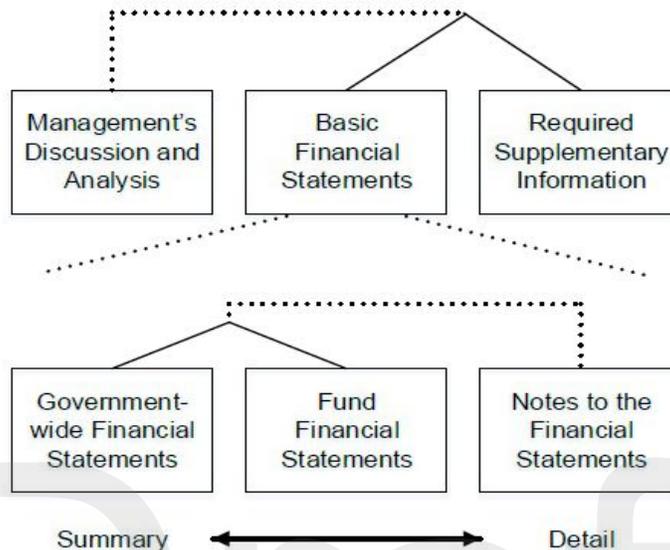
Financial Highlights

- The liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources of the Academy at the close of the most recent fiscal year by \$5,470,469 (*net position*).
- The Academy's total net position increased by \$564,754. This was a result of negative pension expense due to a change in the assumptions of TRA and PERA.
- As of the close of the current fiscal year, the Academy's governmental funds reported combined ending fund balances of \$2,559,526, an increase of \$29,948 in comparison with the prior year. Of this total amount, \$917,703 is unassigned and available for spending at the Academy's discretion, \$1,620,840 is restricted for debt service and \$20,983 is nonspendable for prepaid items.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$917,703 or 20.4 percent of total General fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplemental information in addition to the basic financial statements themselves. The following chart shows how the various parts of this annual report are arranged and related to one another:

Organization of STRIDE Academy Annual Financial Report



The following chart summarizes the major features of the Academy's financial statements, including the portion of the Academy's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements:

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire Academy (except fiduciary funds)	The activities of the Academy that are not fiduciary, such as special education and building maintenance
Required financial statements	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Academy's assets, deferred inflows of resources, liabilities and deferred outflows of resources, with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The *statement of activities* presents information showing how the Academy's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements display functions of the Academy that are principally supported by intergovernmental revenues (*governmental activities*). The governmental activities of the Academy include administration, district support services, elementary and secondary regular instruction, special education instruction, instructional support services, pupil support services, sites and buildings, fiscal and other fixed cost programs, food service, community service, building organization and interest and fiscal charges on long term debt.

The government-wide financial statements start on page 26 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Academy's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the Academy's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Academy maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and STRIDE Academy Building Company Special Revenue fund, both of which are major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Academy adopts an annual appropriated budget for its General fund, STRIDE Academy Building Company fund, Food Service, and Community Service funds. Budgetary comparison statements and schedules have been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 30 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 37 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Academy's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 62 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund financial statements, schedules and table start on page 68 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Academy, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$5,470,469 at the close of the most recent fiscal year.

A portion of the Academy's net position, \$2,707,592, reflects its net deficit in investment in capital assets (e.g., land, building, building improvements, leasehold improvements and equipment). The Academy uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

STRIDE Academy's Net Position

	Governmental Activities		
	2019	2018	Increase (Decrease)
Assets			
Current and other assets	\$ 2,808,671	\$ 2,722,542	\$ 86,129
Capital assets	13,776,068	14,218,784	(442,716)
Total Assets	<u>16,584,739</u>	<u>16,941,326</u>	<u>(356,587)</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>3,026,584</u>	<u>6,837,040</u>	<u>(3,810,456)</u>
Liabilities			
Current and other liabilities	440,895	387,076	53,819
Noncurrent liabilities	<u>18,835,618</u>	<u>27,638,317</u>	<u>(8,802,699)</u>
Total Liabilities	<u>19,276,513</u>	<u>28,025,393</u>	<u>(8,748,880)</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>5,805,279</u>	<u>1,788,196</u>	<u>4,017,083</u>
Net Position			
Net investment in capital assets	(2,707,592)	(2,268,944)	(438,648)
Restricted for debt service	1,429,090	1,394,561	34,529
Unrestricted	<u>(4,191,967)</u>	<u>(5,160,840)</u>	<u>968,873</u>
Total Net Position	<u>\$ (5,470,469)</u>	<u>\$ (6,035,223)</u>	<u>\$ 564,754</u>

At the end of the current fiscal year, the Academy reported deficit balances in the net investment in capital assets and unrestricted net position. Significant changes from the prior year are noted on the following page.

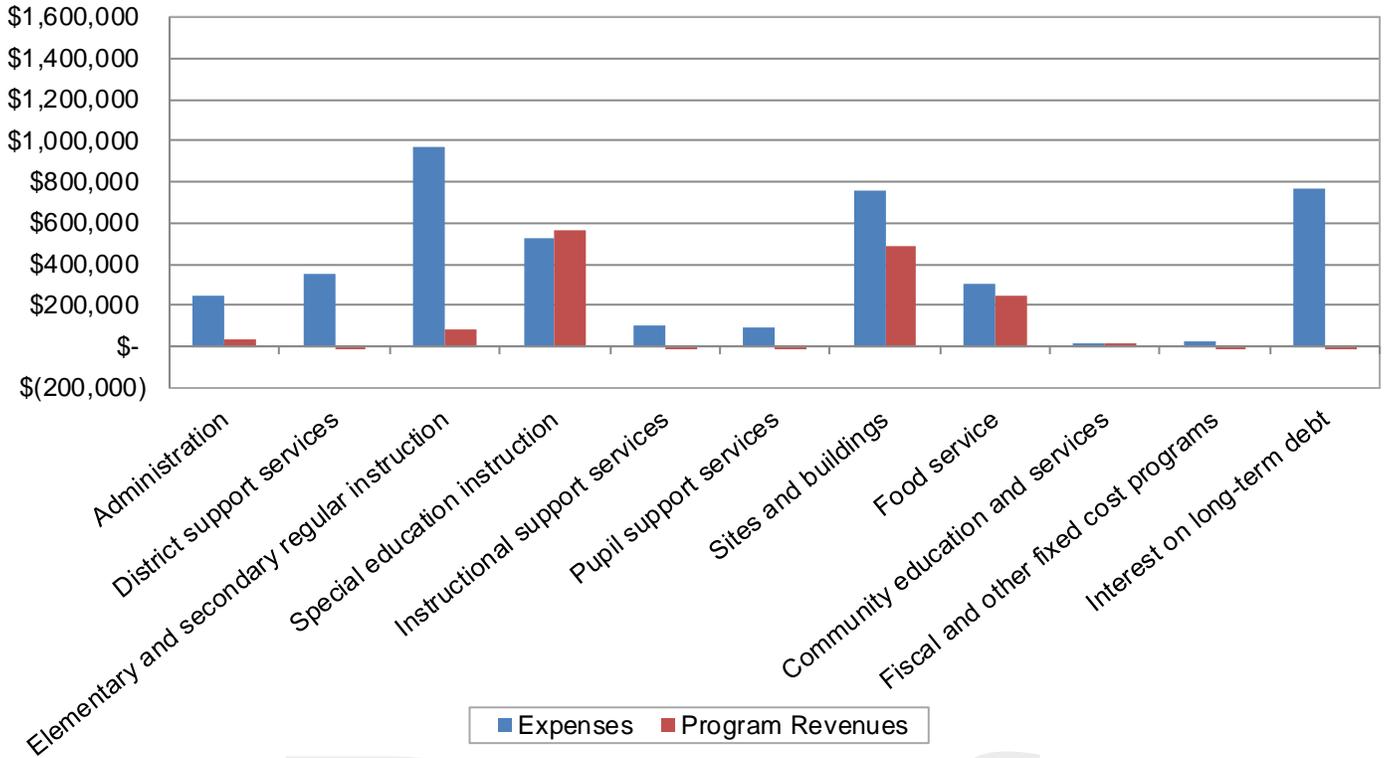
Governmental Activities. Governmental activities increased the Academy's net position by \$564,754. Key elements of this increase are shown in the table below.

STRIDE Academy's Changes in Net Position

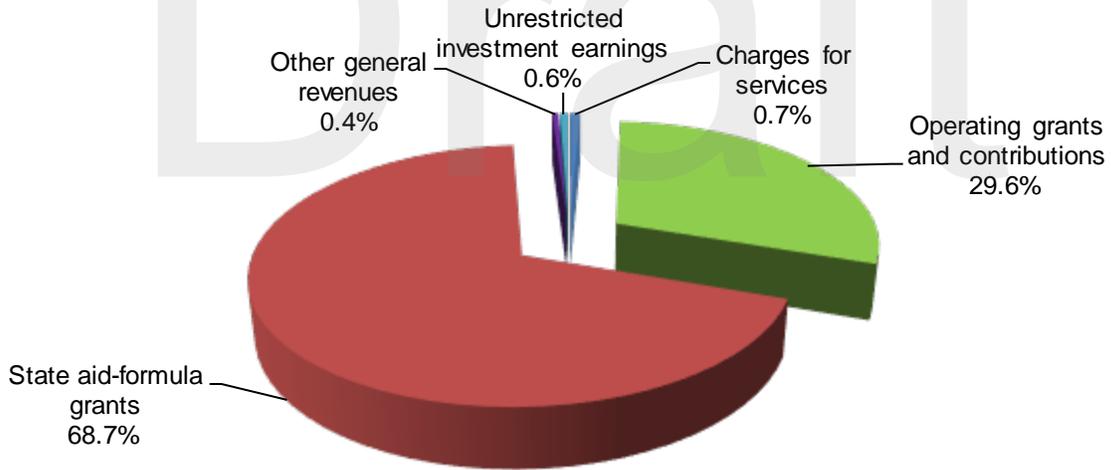
	Governmental Activities		
	2019	2018	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 34,419	\$ 46,217	\$ (11,798)
Operating grants and contributions	1,396,633	1,318,828	77,805
General revenues			
State aid-formula grants	3,243,328	3,558,298	(314,970)
Other general revenues	21,226	119,794	(98,568)
Unrestricted investment earnings	28,058	11,586	16,472
Total Revenues	<u>4,723,664</u>	<u>5,054,723</u>	<u>(331,059)</u>
Expenses			
Administration	249,524	564,550	(315,026)
District support services	353,996	414,431	(60,435)
Elementary and secondary regular instruction	968,164	3,148,661	(2,180,497)
Special education instruction	521,923	758,240	(236,317)
Instructional support services	99,077	279,991	(180,914)
Pupil support services	90,456	162,464	(72,008)
Sites and buildings	757,448	793,547	(36,099)
Fiscal and other fixed cost programs	28,928	15,266	13,662
Food service	302,522	205,934	96,588
Community service	16,852	33,466	(16,614)
Interest on long-term debt	770,020	784,194	(14,174)
Total Expenses	<u>4,158,910</u>	<u>7,160,744</u>	<u>(3,001,834)</u>
Change in Net Position	564,754	(2,106,021)	2,670,775
Net Position, July 1	<u>(6,035,223)</u>	<u>(3,929,202)</u>	<u>(2,106,021)</u>
Net Position, June 30	<u>\$ (5,470,469)</u>	<u>\$ (6,035,223)</u>	<u>\$ 564,754</u>

The primary reason for the increase was due to a decrease in spending in elementary and secondary regular instruction \$2,180,497, this decrease was due to having fewer teachers and large decrease to pension expense for the adjustment of the pension liability and related deferred inflows and outflows of resources.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Academy's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Academy's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Academy's governmental funds reported combined ending fund balances of \$2,559,526, an increase of \$29,948 in comparison with the prior year. Approximately 35.9 percent (\$917,703) constitutes unassigned fund balance that is available for spending at the Academy's discretion. The remainder of fund balance (\$1,641,823) is not available for new spending because it is either 1) nonspendable (\$20,983) or 2) restricted (\$1,620,840).

The General fund is the chief operating fund of the Academy. At the end of the current year, unassigned fund balance of the General fund was \$917,703, while total fund balance was \$938,686. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20.4 percent of total General fund expenditures, while total fund balance represents approximately 20.8 percent of that same amount.

The fund balance of the Academy's General fund decreased \$2,219 during the current fiscal year. This was in large part a result of transfers to cover the deficit fund balances in the Food Service fund and the Community Service fund.

The Building Company Special Revenue fund has a total fund balance of \$1,620,840. The increase in fund balance during the current year was \$32,167, and was mainly the result of revenues from local sources.

General Fund Budgetary Highlights

During the fiscal year the Academy revised the budget; increasing revenues by \$6,455 and decreasing expenditures by \$333,274.

Total revenue was \$69,500 under budget with the largest revenue variance from other local revenue sources, which were \$31,439 less than anticipated. This variance can be attributed mainly to lower than expected gifts and grants.

Total expenditures were \$330,430 under budget with the largest variance in elementary and secondary regular instruction expenditures, which were \$130,595 less than anticipated. This variance can be attributed to a variance in budgeted salaries and supplies.

Capital Assets and Debt Administration

Capital Assets. The Academy's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$13,776,068 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, leasehold improvements and equipment. The total depreciation expense for the year was \$476,606. The following is a schedule of capital assets as of June 30, 2019.

STRIDE Academy's Capital Assets (Net of Depreciation)

	Governmental Activities		
	2019	2018	Increase (Decrease)
Land	\$ 1,650,000	\$ 1,650,000	\$ -
Equipment	167,963	177,469	(9,506)
Buildings and Improvements	11,684,404	12,112,875	(428,471)
Leasehold Improvements	273,701	278,440	(4,739)
Total	<u>\$ 13,776,068</u>	<u>\$ 14,218,784</u>	<u>\$ (442,716)</u>

There was no significant capital asset activity during the year. Additional information on the Academy's capital assets can be found in Note 3B on page 46 of this report.

Noncurrent Liabilities. At the end of the current fiscal year, the Academy had the following noncurrent liabilities outstanding.

STRIDE Academy's Outstanding Debt

	Governmental Activities		
	2019	2018	Increase (Decrease)
Bonds Payable	\$ 16,375,000	\$ 16,375,000	\$ -
Bond Premium	108,660	112,728	(4,068)
Total	<u>\$ 16,483,660</u>	<u>\$ 16,487,728</u>	<u>\$ (4,068)</u>

The Academy's total noncurrent liabilities decreased \$4,068. The primary reason for the decrease is the change in the outstanding debt premiums.

Additional information on the Academy's long-term debt can be found in Note 3D starting on page 47 of this report.

Factors Bearing on the Academy's Future

The School will strive to meet its commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

The school continues to work on increasing its enrollment each year.

The School continues to be dependent on the State of Minnesota for its revenue entitlements.

Special education state funding continues to change. The School is continually updating its estimates for funds covering those costs.

The School obtained a new authorizer in FY18.

Requests for Information

These financial statements are designed to provide our citizens, authorizer, customers, and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information, contact STRIDE Academy Charter School, 3241 Oakham Lane, St. Cloud, Minnesota 56303.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

STRIDE ACADEMY CHARTER SCHOOL
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

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STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
Assets	
Cash and temporary investments	\$ 186,161
Cash with fiscal agent	1,582,536
Due from the Department of Education	1,018,991
Prepaid items	20,983
Capital assets	
Nondepreciable assets	1,650,000
Depreciable assets, net of accumulated depreciation	<u>12,126,068</u>
Total Assets	<u>16,584,739</u>
Deferred Outflows of Resources	
Deferred pension resources	<u>3,026,584</u>
Liabilities	
Accounts and other payables	82,422
Accrued salaries payable	166,662
Accrued interest payable	191,750
Due to other governments	61
Noncurrent liabilities	
Due within one year	21,883
Due in more than one year	<u>18,813,735</u>
Total Liabilities	<u>19,276,513</u>
Deferred Inflows of Resources	
Deferred pension resources	<u>5,805,279</u>
Net Position	
Net investment in capital assets	(2,707,592)
Restricted for debt service	1,429,090
Unrestricted	<u>(4,191,967)</u>
Total Net Position	<u>\$ (5,470,469)</u>

The notes to the financial statements are an integral part of this statement.

STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					Governmental Activities
Administration	\$ 249,524	\$ -	\$ 37,295	\$ -	\$ (212,229)
District support services	353,996	-	-	-	(353,996)
Elementary and secondary regular instruction	968,164	7,916	71,526	-	(888,722)
Special education instruction	521,923	-	569,002	-	47,079
Community education and services	16,852	11,792	-	-	(5,060)
Instructional support services	99,077	1,072	(5,017)	-	(103,022)
Pupil support services	90,456	-	-	-	(90,456)
Sites and buildings	757,448	13,378	478,226	-	(265,844)
Food service	302,522	261	245,601	-	(56,660)
Fiscal and other fixed cost programs	28,928	-	-	-	(28,928)
Interest on long-term debt	770,020	-	-	-	(770,020)
Total Governmental Activities	\$ 4,158,910	\$ 34,419	\$ 1,396,633	\$ -	(2,727,858)
General Revenues					
State aid-formula grants					3,243,328
Other general revenues					21,226
Unrestricted investment earnings					28,058
Total general revenues					3,292,612
Change in Net Position					564,754
Net Position, July 1					(6,035,223)
Net Position, June 30					\$ (5,470,469)

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS
STRIDE ACADEMY CHARTER SCHOOL
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

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STRIDE Academy
Charter School No. 4142
St. Cloud, Minnesota
Balance Sheet
Governmental Funds
June 30, 2019

	General	Building Company	Other Nonmajor Funds	Total Governmental Funds
Assets				
Cash and temporary investments	\$ 177,980	\$ 7,774	\$ 407	\$ 186,161
Cash with fiscal agent	-	1,582,536	-	1,582,536
Due from the Minnesota Department of Education	1,018,991	-	-	1,018,991
Due from other funds	-	32,611	-	32,611
Prepaid items	20,983	-	-	20,983
Total Assets	\$ 1,217,954	\$ 1,622,921	\$ 407	\$ 2,841,282
Liabilities				
Accounts and other payables	\$ 80,252	\$ 2,081	\$ 89	\$ 82,422
Accrued salaries payable	166,389	-	273	166,662
Due to other governments	16	-	45	61
Due to other funds	32,611	-	-	32,611
Total Liabilities	279,268	2,081	407	281,756
Fund Balances				
Nonspendable prepaid items	20,983	-	-	20,983
Restricted for debt service	-	1,620,840	-	1,620,840
Unassigned	917,703	-	-	917,703
Total Fund Balances	938,686	1,620,840	-	2,559,526
Total Liabilities and Fund Balances	\$ 1,217,954	\$ 1,622,921	\$ 407	\$ 2,841,282

The notes to the financial statements are an integral part of this statement.

STRIDE Academy
Charter School No. 4142
 St. Cloud, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because

Total Fund Balances - Governmental Funds	\$ 2,559,526
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>	
Cost of capital assets	15,446,178
Less: accumulated depreciation	(1,670,110)
<p>Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>	
<p>Noncurrent liabilities at year-end consist of</p>	
Compensated absences payable	(59,828)
Bond principal payable	(16,375,000)
Premium on bonds payable	(108,660)
Pension liability	(2,292,130)
<p>Governmental funds do not report long-term amounts related to pensions.</p>	
Deferred outflow of pension resources	3,026,584
Deferred inflow of pension resources	(5,805,279)
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	(191,750)
Total Net Position - Governmental Activities	\$ (5,470,469)

The notes to the financial statements are an integral part of this statement.

STRIDE Academy
Charter School No. 4142
 St. Cloud, Minnesota
 Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2019

	General	Building Company	Other Nonmajor Funds	Total Governmental Funds
Revenues				
Revenue from federal sources	\$ 170,434	\$ -	\$ 236,243	\$ 406,677
Revenue from state sources	4,304,570	-	9,358	4,313,928
Revenue from local sources	93,561	879,587	11,452	984,600
Interest earned on investments	4,173	23,885	-	28,058
Sales and other conversion of assets	(1,002)	-	1,651	649
Total Revenues	<u>4,571,736</u>	<u>903,472</u>	<u>258,704</u>	<u>5,733,912</u>
Expenditures				
Current				
Administration	359,177	-	-	359,177
District support services	283,432	75,837	-	359,269
Elementary and secondary regular instruction	1,815,805	-	-	1,815,805
Special education instruction	587,053	-	-	587,053
Community education and services	-	-	23,358	23,358
Instructional support services	150,656	-	-	150,656
Pupil support services	101,448	-	-	101,448
Sites and buildings	1,160,343	400	-	1,160,743
Food service	-	-	302,341	302,341
Fiscal and other fixed cost programs	27,408	1,520	-	28,928
Capital outlay				
Administration	1,300	-	-	1,300
Instructional support services	29	-	-	29
Sites and buildings	16,844	17,098	-	33,942
Food Service	-	-	3,465	3,465
Debt service				
Interest and other charges	-	776,450	-	776,450
Total Expenditures	<u>4,503,495</u>	<u>871,305</u>	<u>329,164</u>	<u>5,703,964</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>68,241</u>	<u>32,167</u>	<u>(70,460)</u>	<u>29,948</u>
Other Financing Sources (Uses)				
Transfers in	-	-	70,460	70,460
Transfers out	(70,460)	-	-	(70,460)
Total Other Financing Sources (Uses)	<u>(70,460)</u>	<u>-</u>	<u>70,460</u>	<u>-</u>
Net Change in Fund Balances	(2,219)	32,167	-	29,948
Fund Balances, July 1	<u>940,905</u>	<u>1,588,673</u>	<u>-</u>	<u>2,529,578</u>
Fund Balances, June 30	<u>\$ 938,686</u>	<u>\$ 1,620,840</u>	<u>\$ -</u>	<u>\$ 2,559,526</u>

The notes to the financial statements are an integral part of this statement.

STRIDE Academy
Charter School No. 4142
 St. Cloud, Minnesota
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances to the Statement of Activities
 Governmental Funds
 For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because

Net Change in Fund Balances - Total Governmental Funds	\$	29,948
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>		
Depreciation expense		(476,606)
Capital outlays		33,890
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The amounts below are the effects of these differences in the treatment of long-term debt and related items.</p>		
Amortization of bond premium		4,068
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
		2,362
<p>Long-term pension activity is not reported in governmental funds.</p>		
Pension expense		1,100,466
Pension revenue		(130,661)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		1,287
		1,287
Change in Net Position of Governmental Activities	\$	564,754

The notes to the financial statements are an integral part of this statement.

STRIDE Academy
Charter School No. 4142
 St. Cloud, Minnesota
 Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 General Fund
 For the Year Ended June 30, 2019

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from federal sources	\$ 222,000	\$ 197,692	\$ 170,434	\$ (27,258)
Revenue from state sources	4,358,882	4,313,544	4,304,570	(8,974)
Revenue from local sources	51,999	125,000	93,561	(31,439)
Interest earned on investments	1,800	4,500	4,173	(327)
Sales and other conversion of assets	100	500	(1,002)	(1,502)
Total Revenues	<u>4,634,781</u>	<u>4,641,236</u>	<u>4,571,736</u>	<u>(69,500)</u>
Expenditures				
Current				
Administration	456,325	387,548	359,177	28,371
District support services	392,268	314,489	283,432	31,057
Elementary and secondary regular instruction	1,748,244	1,946,400	1,815,805	130,595
Special education instruction	641,906	629,272	587,053	42,219
Instructional support services	245,545	174,425	150,656	23,769
Pupil support services	116,695	117,475	101,448	16,027
Sites and buildings	1,501,466	1,185,816	1,160,343	25,473
Fiscal and other fixed cost programs	27,600	27,600	27,408	192
Capital outlay				
Administration	-	4,940	1,300	3,640
Special education instruction	2,550	300	-	300
Instructional support services	5,500	4,060	29	4,031
Sites and buildings	29,100	41,600	16,844	24,756
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenditures	<u>5,167,199</u>	<u>4,833,925</u>	<u>4,503,495</u>	<u>330,430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(532,418)	(192,689)	68,241	260,930
Other Financing Uses				
Transfers out	-	(55,496)	(70,460)	(14,964)
Net Change in Fund Balances	(532,418)	(248,185)	(2,219)	245,966
Fund Balances, July 1	<u>940,905</u>	<u>940,905</u>	<u>940,905</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 408,487</u>	<u>\$ 692,720</u>	<u>\$ 938,686</u>	<u>\$ 245,966</u>

The notes to the financial statements are an integral part of this statement.

STRIDE Academy
Charter School No. 4142
 St. Cloud, Minnesota
 Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 Building Company Fund
 For the Year Ended June 30, 2019

	Building Company Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
Revenue from state sources	-	-	-	-
Revenue from local sources	1,195,838	880,838	879,587	(1,251)
Interest earned on investments	-	-	23,885	23,885
Sales and other conversion of assets	-	-	-	-
Total Revenues	<u>1,195,838</u>	<u>880,838</u>	<u>903,472</u>	<u>22,634</u>
Expenditures				
Current				
Administration	-	-	-	-
District support services	99,888	99,888	75,837	24,051
Elementary and secondary regular instruction	-	-	-	-
Special education instruction	-	-	-	-
Instructional support services	-	-	-	-
Pupil support services	-	-	-	-
Sites and buildings	-	-	400	(400)
Fiscal and other fixed cost programs	4,500	4,500	1,520	2,980
Capital outlay				
Administration	-	-	-	-
Special education instruction	-	-	-	-
Instructional support services	-	-	-	-
Sites and buildings	-	-	17,098	(17,098)
Debt service				
Principal	315,000	-	-	-
Interest and other charges	776,450	776,450	776,450	-
Total Expenditures	<u>1,195,838</u>	<u>880,838</u>	<u>871,305</u>	<u>9,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	32,167	32,167
Other Financing Uses				
Transfers out	-	-	-	-
Net Change in Fund Balances	-	-	32,167	32,167
Fund Balances, July 1	<u>1,588,673</u>	<u>1,588,673</u>	<u>1,588,673</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 1,588,673</u>	<u>\$ 1,588,673</u>	<u>\$ 1,620,840</u>	<u>\$ 32,167</u>

The notes to the financial statements are an integral part of this statement.

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STRIDE Academy Charter School
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

STRIDE Academy (the Academy), St. Cloud, Minnesota is a charter school established April 8, 2004 in accordance with Minnesota statutes. The Academy's financial statements include all funds, departments, agencies, boards, commissions, component units, and other organizations for which the Academy is considered to be financially accountable.

Component units are legally separate entities for which the Academy (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there is one organization considered to be a component unit of the Academy. STRIDE Academy Building Company (the Building Company) is a Minnesota nonprofit organization classified by the Internal Revenue Service (IRS) as a 501(c)(3) tax-exempt organization which owns the real estate and building that is leased by the Academy for its operations. The Building Company is governed by a separate five member board, including two ex-officio. Although it is legally separate from the Academy, the Building Company is reported as if it were part of the Academy (as a blended component unit) because (1) its sole purpose is to acquire, renovate and own an educational site which is leased to the Academy and (2) the expectation for the debt obligations of the Building Company to be repaid with the Academy's resources under the lease agreement. The building is leased to the Academy under the terms of a long-term agreement. All long-term debt related to the purchase of the building and property and all capital assets related to the school site is the responsibility of and will be under the ownership of the Building Company. The Building Company does not issue separate financial statements.

The Academy is required to operate under a charter agreement with an entity that has been approved by the Minnesota Department of Education (MDE) to be a charter school "authorizer." The authorizer monitors and evaluates the Academy's performance, and periodically determines whether to renew the Academy's charter. The Academy is authorized by the Friends of Education, Minnesota, and its operating under a charter agreement with Friends of Education. Aside from its responsibilities as authorizer, Friends of Education has no authority or control over the Academy, and it not financially accountable for it. Therefore, the Academy is not considered a component unit of Friends of Education.

Extracurricular student activities, if any, are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota statutes, district school boards can elect to either control or not control extracurricular activities. The Board of Directors has elected not to control extracurricular activities; therefore, the Academy has no student activity accounts.

STRIDE Academy Charter School
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the Academy.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other internally dedicated resources are reported as general revenues rather than as program revenues. Other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported in separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota statutes and accounting principles generally accepted in the United States of America. Minnesota statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure was made. Other revenue is considered available if collected within one year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlement and donations. On a modified accrual basis, revenue from non-exchange transaction must also be available before it can be recognized.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STRIDE Academy Charter School
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Description of Funds

The various Academy funds have been established by the State of Minnesota Department of Education. Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

Major Governmental Funds

The *General fund* is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

The *Building Company special revenue fund* accounts for all activities of the STRIDE Academy Building Company. This includes accounting for the proceeds and uses of resources borrowed to finance the purchase and renovation of the school building, the receipt of lease payments from the Academy, as well as debt service payments required under the terms of the related long-term bonds and loans.

Nonmajor Governmental Funds

The *Food Service special revenue fund* is used to account for food service revenues and expenditures. The Food Service fund receives revenue from State and Federal sources as well as the receipts from the Academy's nutrition program.

The *Community Service special revenue fund* accounts for the Academy's after school program.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of cash balance participation by each fund.

Cash with fiscal agent represents dollars held by others on behalf of the building company. Interest earnings are restricted to the funds that generate them.

STRIDE Academy Charter School
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

The Academy may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The Academy categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The School's recurring fair value measurements are valued using quoted market prices (Level 1 inputs).

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical cost, or estimated historical cost if purchased or constructed. The Academy defines capital assets as those with an initial, individual cost of more than \$1,000 (amount not rounded). Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

STRIDE Academy Charter School
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Equipment	5 - 20
Buildings and Improvements	10 - 30
Leasehold Improvements	20 - 25

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statement of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Pensions

Teachers Retirement Association (TRA)

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Teachers Retirement Association (TRA) and additions to/deductions from TRA's fiduciary net position have been determined on the same basis as they are reported by TRA.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. The General fund is typically used to liquidate the governmental net pension liability. Additional information can be found in Note 4.

Public Employees Retirement Association (PERA)

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The total pension expense for the GERF and TRA is as follows:

	GERF	TRA	Total Pension Expense
Total Pension Expense	\$ 13,522	\$ (940,741)	\$ (927,219)

STRIDE Academy Charter School
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Academy has one type of item, which arises only under a full accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, deferred pension resources, is reported only in the statement of net position of the government-wide statements and results from actuarial calculations.

Compensated Absences

Certain Academy employees earn paid time off (PTO) based upon the employee's status (exempt, nonexempt, and full-time versus school year). The Academy compensates employees for unused vacation upon termination of employment. PTO is recorded as an expenditure when it is used. The General fund is typically used to liquidate governmental compensated absences.

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the Academy is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as inventory.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of Board of Directors, which is the Academy's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board of Directors modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board of Directors itself or by an official to which the Board of Directors delegates the authority. The Board of Directors has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Executive Director or accountant.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

STRIDE Academy Charter School
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

The Academy considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the Academy would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Academy has formally adopted a fund balance policy. The Academy's policy is to maintain a minimum general fund unrestricted fund balance of 25 percent of the annual General fund expenditures.

When the operating fund balance is equal to or less than 10 percent (but not greater than 8 percent) of the expenditure budget, the administration shall alert the Board of Directors and may propose any or all the following alternatives:

1. Limit or eliminate appropriate funds for new program proposals.
2. Reduce per pupil allocations for non-personnel expenses.
3. Maintain staffing guidelines at or near the existing level.
4. Reduce existing program services on a long-term basis so as to minimize the impact.

When the operating fund balance is equal to or less than 7 percent of the expenditure budget, the administration shall alert the Board of Directors and propose any or all of the following alternative measures on a timely basis to maintain the 6 percent (or more) level:

1. Reduce expenditures by cutting program services.
2. Seek additional funds.
3. Use a combination of a referendum and reducing program services.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first, then unrestricted resources as they are needed.

STRIDE Academy Charter School
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2019

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

The budget for each fund is prepared on the same basis of accounting as the financial statements. Prior to July 1, the Board of Directors adopts an annual budget for the following fiscal year for the General fund, the Food Service special revenue fund, and the Community Service special revenue fund. There has not been a budget adopted for the Building Company special revenue fund as it is not legally required. The General fund budget was amended during the current fiscal year. The revenues budget increased by \$6,455, primarily related to revenues from state sources. Budgeted expenditures decreased by \$333,274 with the largest decrease in sites and buildings, which decreased by \$315,650.

Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2019, expenditures exceeded appropriations in the following funds:

Fund	Final Budget	Actual	Excess of Expenditures Over Appropriations
Nonmajor			
Food Service fund	\$ 282,600	\$ 305,806	\$ 23,206
Community Service fund	\$ 18,984	\$ 23,358	\$ 4,374

The excess of expenditures over appropriations in the Food Service fund and Community Service fund were funded by a budgeted transfer from the General Fund.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the Academy's deposits and investments may not be returned or the Academy will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Board of Directors, the Academy maintains deposits at depository banks that are members of the Federal Reserve System.

Minnesota statutes require that all Academy deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;

STRIDE Academy Charter School
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Notes to the Financial Statements
June 30, 2019

Note 3: Detailed Notes on All Funds (Continued)

- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the Academy.

At year end, the Academy's carrying amount of deposits was \$186,161 and the bank balance was \$249,111. Of the bank balance, the full \$249,111 was covered by federal depository insurance corporation.

Investments

As of June 30, 2019, the Academy had the following investments that are insured or registered, or securities held by the School's agent in the School's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount
Non-pooled Investments			
Brokered Money Market Accounts	NA	less than one year	<u>\$ 1,582,536</u>

(1) Ratings are provided by various credit rating agencies where applicable to indicate association credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

The investments of the Academy are subject to the following risks:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the Academy's investments to the list on page 40 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.
- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The Academy does not have policies in place to address the above risks.

The Academy has the following recurring fair value measurement as of June 30, 2019: Brokered money markets of are valued using quoted market prices (Level 1 inputs).

STRIDE Academy Charter School
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2019

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 1,650,000	\$ -	\$ -	\$ 1,650,000
Capital Assets being Depreciated				
Equipment	334,776	12,578	-	347,354
Buildings and improvements	13,095,000	8,750	-	13,103,750
Leasehold improvements	332,512	12,562	-	345,074
Total Capital Assets being Depreciated	<u>13,762,288</u>	<u>33,890</u>	<u>-</u>	<u>13,796,178</u>
Less Accumulated Depreciation for				
Equipment	(157,307)	(22,084)	-	(179,391)
Buildings and improvements	(982,125)	(437,221)	-	(1,419,346)
Leasehold improvements	(54,072)	(17,301)	-	(71,373)
Total Accumulated Depreciation	<u>(1,193,504)</u>	<u>(476,606)</u>	<u>-</u>	<u>(1,670,110)</u>
Total Capital Assets being Depreciated, Net	<u>12,568,784</u>	<u>(442,716)</u>	<u>-</u>	<u>12,126,068</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,218,784</u>	<u>\$ (442,716)</u>	<u>\$ -</u>	<u>\$ 13,776,068</u>

Depreciation expense was charged to functions of the Academy as follows:

Governmental Activities	
Administration	\$ 54
Elementary and secondary regular instruction	3,181
Special education instruction	528
Community education	161
Instructional support services	2,557
Pupil support services	127
Food service	186
Sites and buildings	<u>469,812</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 476,606</u>

STRIDE Academy Charter School
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Notes to the Financial Statements
June 30, 2019

Note 3: Detailed Notes on All Funds (Continued)

C. Interfund Transfers

The General fund transferred \$59,944 and \$10,516 to the Food Service fund and the Community Service fund, respectively. These transfers were to eliminate deficit fund balances at year end.

D. Long-term Liabilities

Lease Revenue Bonds

The following bonds were issued to finance the acquisition of the STRIDE Academy Building Company (Building Company) education facility, leased by the Academy. They will be repaid from future revenues received by the Academy from the State of Minnesota with respect to General Education Funding, Lease Aid, or any other funding sources, net of specified operating costs. The total pledged revenue reported by the Academy for the year ended June 30, 2019 amounted to \$3,753,970, of which \$879,587 or 23.43 percent was remitted during the current year as lease payments to the Building Company, or was due to the Building Company at the end of the current year and reported as due to other funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Charter School Lease Revenue, Series 2016A	\$ 16,690,000	3.0 - 5.0 %	04/15/16	04/01/46	<u>\$ 16,375,000</u>

Annual debt service requirements to maturity for the lease revenue bonds are as follows:

Year Ending June 30,	Lease Revenue Bonds		
	Principal	Interest	Total
2020	\$ -	\$ 767,000	\$ 767,000
2021	330,000	757,400	1,087,400
2022	340,000	747,500	1,087,500
2023	355,000	734,750	1,089,750
2024	370,000	721,438	1,091,438
2025 - 2029	2,065,000	3,373,875	5,438,875
2030 - 2034	2,630,000	2,820,000	5,450,000
2035 - 2039	3,345,000	2,094,250	5,439,250
2040 - 2044	4,280,000	1,168,750	5,448,750
2045 - 2046	2,660,000	153,000	2,813,000
Total	<u>\$ 16,375,000</u>	<u>\$ 13,337,963</u>	<u>\$ 29,712,963</u>

The Academy has entered into a forbearance agreement that will allow the school to pay the fiscal year 2019 principal payment at the end of the life of the loan.

STRIDE Academy Charter School
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Notes to the Financial Statements
June 30, 2019

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 16,375,000	\$ -	\$ -	\$ 16,375,000	\$ -
Bond Premium	112,728	-	(4,068)	108,660	-
Governmental Activities Long-term Liabilities	<u>\$ 16,487,728</u>	<u>\$ -</u>	<u>\$ (4,068)</u>	<u>\$ 16,483,660</u>	<u>\$ -</u>

E. Lease Commitments

On April 1, 2016 the Academy entered into an operating lease with the STRIDE Academy Building Company. Under the terms of the lease agreement, the lease term ends thirty years later or June 30, 2046. The net annual base rent for the term of the lease agreement is directly tied to the debt service requirements of the STRIDE Academy Building Company. In addition, the Academy is responsible for all operating costs including maintenance and utility costs. For the year ended June 30, 2019, the Academy paid in rent under the terms of the previous and existing lease.

The following is a summary of future minimum lease payment:

Year Ending June 30,	Amount
2020	\$ 1,192,600
2021	1,192,925
2022	1,193,563
2023	1,195,672
2024	1,195,969
2025 - 2029	5,804,234
2030 - 2034	5,727,126
2035 - 2039	5,717,439
2040 - 2044	5,726,502
2045 - 2046	924,688
Total Minimum Lease Payments	<u>\$ 29,870,718</u>

STRIDE Academy Charter School
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Notes to the Financial Statements
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Note 4: Defined Benefit Pension Plans - Statewide

A. Teacher Retirement Association (TRA)

1. Plan Description

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota statutes, chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active member, one retired member and three statutory officials.

Educators employed in Minnesota's public elementary and secondary school, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota State colleges and universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through Minnesota State's Individual Retirement Account Plan (IRAP) within one year of eligible employment.

2. Benefits Provided

TRA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by Minnesota statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before **July 1, 1989** receive the greater of the Tier I or Tier II as described:

Tier I:	Step Rate Formula	Percentage
Basic	1st ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	1st ten years if service years are prior to July 1, 2006	1.2 percent per year
	1st ten years if service years are July 1, 2006 or after	1.4 percent per year
	All other years of service if service years are prior to July 1, 2006	1.7 percent per year
	All other years of service if service years are July 1, 2006 or after	1.9 percent per year

STRIDE Academy Charter School
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Notes to the Financial Statements
June 30, 2019

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

With these provisions:

1. Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
2. Three percent per year early retirement reduction factors for all years under normal retirement age.
3. Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

Tier II: For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for coordinated members and 2.7 percent per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated members and 2.7 percent per year for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after **June 30, 1989** receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree - no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans, that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is also eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

3. Contribution Rate

Per Minnesota statutes, chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year were:

Plan	Ending June 30, 2017		Ending June 30, 2018		Ending June 30, 2019	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.50%	11.00%	11.50%	11.00%	11.71%
Coordinated	7.50%	7.50%	7.50%	7.50%	7.50%	7.71%

The Academy's contributions to TRA for the years ending June 30, 2019, 2018 and 2017 were \$110,835, \$125,374 and \$204,615. The Academy's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

STRIDE Academy Charter School
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Notes to the Financial Statements
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Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The following is a reconciliation of employer contributions in TRA's CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer Contributions Reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 378,728,000
Add Employer Contributions not Related to Future Contribution Efforts	522,000
Deduct TRA's Contributions not Included in Allocation	(471,000)
Total Employer Contributions	378,779,000
Total Non-employer Contributions	35,588,000
Total Contributions Reported in Schedule of Employer and Non-employer Pension Allocations	\$ 414,367,000

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. TRA has rounded percentage amounts to the nearest ten thousandths.

4. Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	
Valuation date	July 1, 2018
Experience study	June 5, 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.50%
Price inflation	2.50%
Wage growth rate	2.85% for 10 years and 3.25%, thereafter
Projected salary increase	2.85 to 8.85% for 10 years and 3.25 to 9.25%, thereafter
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
Pre-retirement	RP-2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale.
Post-retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment.

STRIDE Academy Charter School
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Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	36.00 %	5.10 %
International Stocks	17.00	5.30
Bonds (Fixed Income)	25.00	0.75
Alternative Assets (Private Markets)	20.00	5.90
Cash	2.00	-
Total	<u>100.00 %</u>	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2018 is 6.00 years. The "Difference Between Expected and Actual Experience", "Changes of Assumptions" and "Changes in Proportion" use the amortization period of 6.00 years in the schedule presented. The amortization period for "Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments" is 5.00 years as required by GASB 68.

Changes in actuarial assumptions since the 2017 valuation:

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1 % each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71 % in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

STRIDE Academy Charter School
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Notes to the Financial Statements
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Note 4: Defined Benefit Pension Plans - Statewide (Continued)

5. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. This is an increase from the discount rate at the prior measurement date of 5.12 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2018 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

6. Net Pension Liability

At June 30, 2019, the Academy reported a liability of \$1,826,132 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School Charter School. The Academy's proportionate share was 0.0291 which was a decrease of 0.0222 percent from its proportion measured as of June 30, 2017.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the Academy as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the Academy were as follows:

Academy's Proportionate Share of Net Pension Liability	\$ 1,826,132
State's Proportionate Share of Net Pension Liability Associated with the Charter School	<u>171,539</u>
 Total	 <u><u>\$ 1,997,671</u></u>

For the year ended June 30, 2019, the Academy recognized negative pension expense of \$821,018. It also recognized \$119,723 as a decrease to pension expense for the support provided by direct aid.

On June 30, 2019, the Academy had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 12,265	\$ 36,825
Changes in Actuarial Assumptions	2,237,714	3,114,360
Net Difference Between Projected and Actual Earnings on Plan Investments	-	142,181
Changes in Proportion	468,295	2,139,854
Contributions to TRA Subsequent to the Measurement Date	<u>110,835</u>	<u>-</u>
 Total	 <u><u>\$ 2,829,109</u></u>	 <u><u>\$ 5,433,220</u></u>

STRIDE Academy Charter School
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2019

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Deferred outflows of resources totaling \$110,835 related to pensions resulting from the Academy's contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2020	\$	18,221
2021		(142,267)
2022		(374,239)
2023		(1,723,163)
2024		(493,498)

7. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate.

Charter School's Proportionate Share of NPL		
1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
\$ 2,900,636	\$ 1,826,132	\$ 942,631

The Academy's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis and Minneapolis School District.

8. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org, by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling (651) 296-2409 or (800) 657-3669.

B. Public Employees Retirement Association (PERA)

1. Plan Description

The Academy participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota statutes, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the District are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

STRIDE Academy Charter School
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Notes to the Financial Statements
June 30, 2019

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

2. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by Minnesota statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

3. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

GERF Contributions

Plan members were required to contribute 6.50 percent of their annual covered salary and the District was required to contribute 7.50 percent of pay for Coordinated Plan members in fiscal year 2019. The Academy's contributions to the GERF for the years ended June 30, 2019, 2018, and 2017 were \$41,255, \$42,279, and \$64,257, respectively. The Academy's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

STRIDE Academy Charter School
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Notes to the Financial Statements
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Note 4: Defined Benefit Pension Plans - Statewide (Continued)

4. Pension Costs

At June 30, 2019, the Academy reported a liability of \$465,998 for its proportionate share of the GERF's net pension liability. The Academy's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Academy totaled \$15,329. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportionate share of the net pension liability was based on the Academy's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the Academy's proportion was 0.0084 percent which was a decrease of 0.0049 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Academy recognized pension expense of \$9,947 for its proportionate share of GERF's pension expense. In addition, the Academy recognized an additional \$3,575 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

At June 30, 2019, the Academy reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 12,461	\$ 9,029
Changes in Actuarial Assumptions	57,624	73,266
Net Difference Between Projected and Actual Earnings on Plan Investments	-	53,079
Changes in Proportion	86,135	236,685
Contributions to GERF Subsequent to the Measurement Date	41,255	-
Total	\$ 197,475	\$ 372,059

Deferred outflows of resources totaling \$41,255 related to pensions resulting from the Academy's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2020	\$ 7,401
2021	(86,903)
2022	(126,602)
2023	(9,735)

STRIDE Academy Charter School
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Notes to the Financial Statements
June 30, 2019

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

5. Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for the GERF for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1 percent per year for all future years for the GERF.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the plan was completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

GERF

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Stocks	36.00 %	5.10 %
International Stocks	17.00	5.30
Bonds (Fixed Income)	20.00	0.75
Alternative Assets (Private Markets)	25.00	5.90
Unallocated Cash	<u>2.00</u>	-
Total	<u><u>100.00 %</u></u>	

STRIDE Academy Charter School
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2019

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

6. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the GERP was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Pension Liability Sensitivity

The following presents the Academy's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Charter School's Proportionate Share of NPL		
1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
\$ 757,306	\$ 465,998	\$ 225,531

8. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

STRIDE Academy Charter School
St. Cloud, Minnesota
Notes to the Financial Statements
June 30, 2019

Note 5: Other Information

A. Risk Management

The Academy is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Academy carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in fiscal year 2019.

B. Contingencies

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the Academy expects such amounts, if any, to be immaterial.

C. Economic Dependency

The Academy has a significant amount of revenue (75.2 percent) coming from the State of Minnesota.

D. Income Taxes

The Academy is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Academy also qualifies as a tax-exempt organization under applicable statutes of the State of Minnesota.

Management believes that it is not reasonably possible for any tax position benefits to increase or decrease significantly over the next 12 months. As of June 30, 2019, there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

The Academy files informational returns in the U.S. federal jurisdiction, and in the Minnesota state jurisdiction. U.S. federal returns and Minnesota returns for the prior three fiscal years are closed. No returns are currently under examination in any tax jurisdiction.

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REQUIRED SUPPLEMENTARY INFORMATION

STRIDE ACADEMY CHARTER SCHOOL
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

Draft

STRIDE Academy Charter School
St. Cloud, Minnesota
Required Supplementary Information
June 30, 2019

Schedule of Employer's Share of Teachers Retirement Association Net Pension Liability

Year	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Charter School (b)	Total (a+b)	Academy's Covered Payroll (c)	Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2018	0.0291 %	\$ 1,826,132	\$ 171,539	\$ 1,997,671	\$ 1,626,122	122.8 %	78.1 %
6/30/2017	0.0513	10,240,411	990,629	11,231,040	2,728,205	411.7	51.6
6/30/2016	0.0450	10,733,574	1,077,005	11,810,579	2,366,747	499.0	44.9
6/30/2015	0.0421	2,604,301	319,686	2,923,987	2,137,520	136.8	76.8
6/30/2014	0.0394	1,815,524	127,805	1,943,329	1,799,712	108.0	81.1

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's Teachers Retirement Association Contributions

Year	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/2019	\$ 110,835	\$ 110,835	\$ -	\$ 1,437,549	7.71 %
6/30/2018	125,374	125,374	-	1,671,653	7.50
6/30/2017	204,615	204,615	-	2,728,200	7.50
6/30/2016	177,506	177,506	-	2,366,747	7.50
6/30/2015	160,314	160,314	-	2,137,520	7.50
6/30/2014	125,980	125,980	-	1,737,655	7.25

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

STRIDE Academy Charter School
St. Cloud, Minnesota
Required Supplementary Information (Continued)
June 30, 2019

Notes to the Required Supplementary Information - TRA

Changes in Actuarial Assumptions

2018 - The investment return assumption was changed from 8.50% to 7.50%. The price inflation assumption was lowered from 3.00% to 2.50%. The payroll growth assumption was lowered from 3.50% to 3.00%. The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter. The total salary increase assumption was adjusted by the wage inflation change. The amortization date for the funding of the Unfunded Actuarial Accrued Liability (UAAL) was reset to June 30, 2048 (30 years). A mechanism in the law that provided the TRA Board with some authority to set contribution rates was eliminated.

2017 - The Cost of Living Adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045. Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%

2016 - The assumed investment return was changed from 8.0 percent to 4.66 percent using the Single Equivalent Interest Rate calculation. The single discount rate was changed from 8.0 percent to 4.66 percent. The assumed future salary increases, payroll growth and inflation were changed by a 0.25 percent decrease for price inflation, a 0.50 percent increase for wage inflation and a 2.50 percent decrease in maximum salary increases based on years of service. Mortality assumptions were updated using the RP-2014 tables.

2015 - The assumed post-retirement benefit increase rate was changed from 2.0 percent per year through 2034 and 2.5 percent per year thereafter to 2.0 percent per year for all future years. The assumed investment return was changed from 8.25 percent to 8.0 percent. The single discount rate was changed from 8.25 percent to 8.0 percent.

Changes in Plan Provisions

2018 - The 2018 Omnibus Pension Bill contained a number of changes:

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2015 - On June 30, 2015, the Duluth Teachers Retirement Fund Association was merged into TRA. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

STRIDE Academy Charter School
St. Cloud, Minnesota
Required Supplementary Information (Continued)
June 30, 2019

Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability

Year	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Charter School (b)	Total (a+b)	Academy's Covered Payroll (c)	Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2018	0.0084 %	\$ 465,998	\$ 15,329	\$ 481,327	\$ 563,720	85.4 %	79.5 %
6/30/2017	0.0133	849,063	10,676	859,739	856,754	100.3	75.9
6/30/2016	0.0117	949,982	12,352	962,334	791,493	121.6	68.9
6/30/2015	0.0090	466,427	-	466,427	520,547	89.6	78.2
6/30/2014	0.0093	436,867	-	436,867	485,669	90.0	78.7

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's Public Employees Retirement Association Contributions

Year	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Charter School's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/2019	\$ 41,255	\$ 41,255	\$ -	\$ 550,067	7.50 %
6/30/2018	40,543	40,543	-	540,573	7.50
6/30/2017	64,257	64,257	-	856,760	7.50
6/30/2016	59,362	59,362	-	791,493	7.50
6/30/2015	39,041	39,041	-	520,547	7.50
6/30/2014	35,211	35,211	-	485,669	7.25

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

STRIDE Academy Charter School
St. Cloud, Minnesota
Required Supplementary Information (Continued)
June 30, 2019

Notes to the Required Supplementary Information - PERA

Changes in Actuarial Assumptions

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2017 - The State's special funding contribution increased from \$6 million to \$16 million.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

The above schedules are intended to show 10-year trends. Additional years will be reported as they become available.

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS, SCHEDULES AND TABLE

STRIDE ACADEMY CHARTER SCHOOL
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

Draft

STRIDE Academy
 Charter School No. 4142
 St. Cloud, Minnesota
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019

	Food Service	Community Service	Total Nonmajor Funds
Assets			
Cash and temporary investments	\$ -	\$ 407	\$ 407
Liabilities			
Accounts and other payables	\$ -	\$ 89	\$ 89
Accrued salaries payable	-	273	273
Due to other governments	-	45	45
Total Liabilities	\$ -	\$ 407	\$ 407

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STRIDE Academy
Charter School No. 4142
 St. Cloud, Minnesota
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2019

	Food Service	Community Service	Total Governmental Funds
Revenues			
Revenue from federal sources	\$ 236,243	\$ -	\$ 236,243
Revenue from state sources	9,358	-	9,358
Revenue from local sources	-	11,452	11,452
Sales and other conversion of assets	261	1,390	1,651
Total Revenues	<u>245,862</u>	<u>12,842</u>	<u>258,704</u>
Expenditures			
Current			
Community education and services	-	23,358	23,358
Food service	302,341	-	302,341
Capital outlay			
Food service	3,465	-	3,465
Total Expenditures	<u>305,806</u>	<u>23,358</u>	<u>329,164</u>
Deficiency of Revenues Under Expenditures	(59,944)	(10,516)	(70,460)
Other Financing Sources			
Transfers in	<u>59,944</u>	<u>10,516</u>	<u>70,460</u>
Net Change in Fund Balances	-	-	-
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STRIDE Academy
Charter School No. 4142
 St. Cloud, Minnesota
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 Food Service Special Revenue Funds
 For the Year Ended June 30, 2019

	Food Service Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from federal sources	\$ 147,700	\$ 220,504	\$ 236,243	\$ 15,739
Revenue from state sources	9,500	14,000	9,358	(4,642)
Revenue from local sources	-	-	-	-
Sales and other conversion of assets	-	200	261	61
Total Revenues	<u>157,200</u>	<u>234,704</u>	<u>245,862</u>	<u>11,158</u>
Expenditures				
Current				
Community education and services	-	-	-	-
Food service	222,940	279,100	302,341	(23,241)
Capital outlay				
Food service	-	3,500	3,465	35
Total Expenditures	<u>222,940</u>	<u>282,600</u>	<u>305,806</u>	<u>(23,206)</u>
Deficiency of Revenues Under Expenditures	(65,740)	(47,896)	(59,944)	(12,048)
Other Financing Sources Transfers in	<u>65,740</u>	<u>47,896</u>	<u>59,944</u>	<u>12,048</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, July 1	-	-	-	-
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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STRIDE Academy
Charter School No. 4142
 St. Cloud, Minnesota
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 Community Service Special Revenue Funds
 For the Year Ended June 30, 2019

	Community Service Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
Revenue from state sources, net	-	-	-	-
Revenue from local sources	9,300	10,910	11,452	542
Sales and other conversion of assets	3,000	1,390	1,390	-
Total Revenues	<u>12,300</u>	<u>12,300</u>	<u>12,842</u>	<u>542</u>
Expenditures				
Current				
Community education and services	19,200	18,984	23,358	(4,374)
Food service	-	-	-	-
Capital outlay				
Food service	-	-	-	-
Total Expenditures	<u>19,200</u>	<u>18,984</u>	<u>23,358</u>	<u>(4,374)</u>
Deficiency of Revenues Under Expenditures	(6,900)	(6,684)	(10,516)	(3,832)
Other Financing Sources				
Transfers in	<u>6,900</u>	<u>7,600</u>	<u>10,516</u>	<u>2,916</u>
Net Change in Fund Balances	-	916	-	(916)
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ 916</u>	<u>\$ -</u>	<u>\$ (916)</u>



Fiscal Compliance Report - 6/30/2019
District: STRIDE ACADEMY (4142-7)

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$4,571,736	<u>\$4,571,730</u>	\$6	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$4,503,495	<u>\$4,503,490</u>	\$5	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$20,983	<u>\$20,983</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.03 Staff Development	\$0	<u>\$0</u>	<u>\$0</u>	4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.06 Health and Safety	\$0	<u>\$0</u>	<u>\$0</u>	4.13 Project Funded by COP	\$0	<u>\$0</u>	<u>\$0</u>
4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>	4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
4.08 Cooperative Revenue	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted:</i>			
4.13 Project Funded by COP	\$0	<u>\$0</u>	<u>\$0</u>	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.14 Operating Debt	\$0	<u>\$0</u>	<u>\$0</u>	<i>Unassigned:</i>			
4.16 Levy Reduction	\$0	<u>\$0</u>	<u>\$0</u>	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.17 Taconite Building Maint	\$0	<u>\$0</u>	<u>\$0</u>	07 DEBT SERVICE			
4.24 Operating Capital	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.27 Disabled Accessibility	\$0	<u>\$0</u>	<u>\$0</u>	<i>Non Spendable:</i>			
4.28 Learning & Development	\$0	<u>\$0</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.34 Area Learning Center	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted / Reserved:</i>			
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	<u>\$0</u>	4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	<u>\$0</u>	4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.38 Gifted & Talented	\$0	<u>\$0</u>	<u>\$0</u>	4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>	4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
4.41 Basic Skills Programs	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted:</i>			
4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.49 Safe School Crime - Crime Levy	\$0	<u>\$0</u>	<u>\$0</u>	<i>Unassigned:</i>			
4.50 Pre-Kindergarten	\$0	<u>\$0</u>	<u>\$0</u>	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>	08 TRUST			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	<u>\$0</u>	4.22 Unassigned Fund Balance (Net Assets)			
4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>	20 INTERNAL SERVICE			
4.72 Medical Assistance	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>				Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	4.22 Unassigned Fund Balance (Net Assets)			
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	<u>\$0</u>	25 OPEB REVOCABLE TRUST			
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
<i>Committed:</i>				Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.18 Committed for Separation	\$0	<u>\$0</u>	<u>\$0</u>	4.22 Unassigned Fund Balance (Net Assets)			
4.61 Committed Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	45 OPEB IRREVOCABLE TRUST			
<i>Assigned:</i>				Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>				4.22 Unassigned Fund Balance (Net Assets)			
4.22 Unassigned Fund Balance	\$917,703	<u>\$917,702</u>	<u>\$1</u>	47 OPEB DEBT SERVICE			
02 FOOD SERVICES				Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Revenue	\$245,862	<u>\$245,863</u>	(\$1)	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$305,806	<u>\$305,808</u>	(\$2)	4.22 Unassigned Fund Balance (Net Assets)			
<i>Non Spendable:</i>				47 OPEB DEBT SERVICE			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>				Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>				
<i>Restricted:</i>							
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>				

Minnesota Department of Education

Unassigned:

4.63 Unassigned Fund Balance \$0 \$0 \$0

04 COMMUNITY SERVICE

Total Revenue \$12,842 \$12,841 \$1

Total Expenditures \$23,358 \$23,357 \$1

Non Spendable:

4.60 Non Spendable Fund Balance \$0 \$0 \$0

Restricted / Reserved:

4.26 \$25 Taconite \$0 \$0 \$0

4.31 Community Education \$0 \$0 \$0

4.32 E.C.F.E \$0 \$0 \$0

4.40 Teacher Development and Evaluation \$0 \$0 \$0

4.44 School Readiness \$0 \$0 \$0

4.47 Adult Basic Education \$0 \$0 \$0

4.52 OPEB Liab Not In Trust \$0 \$0 \$0

Restricted:

4.64 Restricted Fund Balance \$0 \$0 \$0

Unassigned:

4.63 Unassigned Fund Balance \$0 \$0 \$0

Non Spendable:

4.60 Non Spendable Fund Balance \$0 \$0 \$0

Restricted:

4.25 Bond Refundings \$0 \$0 \$0

4.64 Restricted Fund Balance \$0 \$0 \$0

Unassigned:

4.63 Unassigned Fund Balance \$0 \$0 \$0

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OTHER REQUIRED REPORTS

STRIDE ACADEMY CHARTER SCHOOL
ST. CLOUD, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

Members of the Board of Directors
STRIDE Academy
St. Cloud, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the governmental activities, each major fund and the aggregate remaining information of the STRIDE Academy (the Academy), St. Cloud, Minnesota as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated NEED DATE.

The *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minnesota statute § 6.65, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools.

In connection with our audit, nothing came to our attention that caused us to believe that the Academy failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Academy's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
NEED DATE

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Directors
STRIDE Academy
St. Cloud, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the STRIDE Academy (the Academy), St. Cloud, Minnesota, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated NEED DATE.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
NEED DATE

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